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State of California

# DWCNewsline

Division of Workers' Compensation  
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## **Division of Workers' Compensation administrative director announces 2012 profile audit review and full compliance audit performance standards**

Labor Code §§129 and 129.5, require the Audit Unit of the Division of Workers' Compensation (DWC) to conduct a profile audit review (PAR) for all adjusting locations of California workers' compensation claims at least once every five years. Performance of the adjusting locations is measured in five areas of claims administration:

- The payment of accrued and undisputed indemnity
- The late first payment of temporary disability / first notice of salary continuation
- The late first payment of permanent disability and death benefits
- The late subsequent indemnity payments
- The provision of notices with QME/AME advice and notices advising of the right to supplemental job displacement benefit (injuries on or after Jan. 1, 2004).

The administrative director annually establishes profile audit review and full compliance audit (FCA) standards in accordance with Labor Code §§129(b)(1) and (2) and Title 8, California Code of Regulations §10107.1. The 2012 standards are based on the audit results of calendar years 2008 through 2010.

### **Performance standards for 2012**

- The PAR performance standard for audits conducted in 2012 is **1.74514**. Audit subjects with PAR performance ratings of 1.74514 or lower will be required to pay any unpaid compensation, but no penalties will be assessed. If an audit subject's PAR performance rating is 1.74515 or *higher*, the audit will expand to a FCA, and an additional sample of indemnity claims will be audited.
- The FCA performance standard for audits conducted in 2012 is **2.00996**. Audit subjects with an FCA performance rating of 2.00996 or less will be required to pay any unpaid compensation and penalties will be assessed for all violations involving unpaid and late paid compensation. If an audit subject's full compliance audit performance rating is 2.00997 or *higher*, an additional sample of denied claims as well as the expanded sample of indemnity claims will be audited. Penalties will be assessed for *all* violations as appropriate pursuant to 8CCR §§10111 through 10111.2.

Assembly Bill (AB) 335 directs the administrative director of the DWC in consultation with the Commission on Health and Safety and Workers' Compensation (CHSWC), to promulgate regulations that will establish a new system of plain-language benefit notices. DWC will be meeting with CHSWC to initiate the process of drafting new "user-friendly" benefit notices and the necessary informational material.

In light of AB 335's amendment to Labor Code section 4658.5(c), when conducting audits in 2012, the Audit Unit will only review notices of potential eligibility for supplemental job displacement benefits due on or before Dec. 31, 2011.

More information on the performance standards that will be in use for the profile audit reviews and full compliance audits during calendar year 2012 is now posted on the [DWC Audit Unit](#) Web site.

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